

Message Text

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PAGE 01 QUITO 02229 021511Z

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5009

INFO AMEMBASSY PANAMA

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EXDIS

E.O. 11652: GDS

TAGS: PINR, PN, PQ, EC, XM

SUBJ: SNIE ON PANAMA

REF: STATE 71284

1. SUMMARY: PANAMA CANAL ZONE NEGOTIATIONS ARE NOT A BURNING ISSUE IN ECUADOR AT THIS TIME. HOWEVER, FAILURE BY SENATE TO ACT ON ANY TREATY WHICH MIGHT BE SIGNED OR BREAK DOWN OF TALKS WOULD ELEVATE MATTER TO A HEMISPHERIC ISSUE. IN THESE CIRCUMSTANCES, ECUADOR, DESPITE GENERALLY COOL BILATERAL RELATIONS WITH PANAMA, COULD BE EXPECTED TO REALLY TO PANAMA IN THE NAME OF LA SOLIDARITY AND TO SHARPLY CRITICIZE U.S. IN ITS OWN LOCAL PRESS AND INTERNATIONAL FORUMS. IT IS UNLIKELY, HOWEVER, THAT THESE CONTINGENCIES WOULD LEAD TO ANY ECUADOREAN ACTIONS AGAINST U.S. ECONOMIC INTERESTS HERE. END SUMMARY.

2. ECUADOREANS VIEW CANAL ISSUE WITH SOME AMBIVALENCE. THEY SUPPORT IDEA OF CANAL NEGOTIATIONS AND EXPECT THEM TO BEAR FRUIT. ON THE OTHER HAND, SINCE SO MUCH OF THE COUNTRY'S COMMERCE DEPENDS ON THE CANAL, THE APPREHENSION DOES EXIST THAT ONCE US RELINQUISHES SOVEREIGNTY PANAMA MIGHT ABUSE THIS NEW ASSET BY CHARGING UNREASONABLY HIGH TOLLS.

3. FOREGOING ECUADOREAN CONCERN HAS BEEN EXPRESSED AT THE HIGHEST LEVELS OF THE GOE. FOR EXAMPLE, ASKED ABOUT THE CANAL ZONE NEGOTIATIONS BY STUDENTS FROM THE US NATIONAL

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PAGE 02 QUITO 02229 021511Z

WAR COLLEGE (NWC) ON APRIL 25, 1974, PRESIDENT RODRIGUEZ

SAID HE WAS RESPECTFUL OF BOTH US AND PANAMANIAN INTERESTS AND THAT IN TURN THEY SHOULD BEAR IN MIND INTERESTS OF OTHERS IN REACHING ANY ACCORD. FOR ITS PART, RODRIGUEZ SAID, ECUADOR VIEWS LOW CANAL FEES AS ESSENTIAL TO ITS ECONOMY. (SEE QUITO 2958 OF MAY 3, 1974). ANSWERING QUESTIONS ON PANAMA DURING COURSE OF SAME NWC VISIT, SUB-SECRETARY FOR FOREIGN RELATIONS RODRIGO VALDEZ TOLD NWC STUDENTS ON APRIL 25, 1974, THAT 90 PERCENT OF ECUADOR'S TRADE GOES THROUGH THE CANAL AND THAT ECUADOR WOULD STRONGLY OPPOSE ANY EFFORT BY PANAMA TO RAISE RATES. VALDEZ DISAGREED WITH PANAMA'S CLAIM THAT THE CANAL IS A PANAMANIAN NATURAL RESOURCE; RATHER, HE SAID, THE CANAL IS THE PROPERTY OF ALL MANKIND. (SEE QUITO 2767 OF APRIL 25, 1974).

4. ANOTHER FACTOR WHICH BEARS MENTION IS THAT OFFICIAL GOE/PANAMA RELATIONS HAVE BEEN COOL FOR SOME TIME. PANAMA HAS BEEN REPRESENTED HERE AT ONLY THE CHARGE LEVEL FOR MORE THAN A YEAR NOW; AND THERE IS BILATERAL FRICTION ON CIVIL AVIATION AND TUNA BOAT SEIZURE AS WELL AS BANANA MATTERS. MOREOVER, PRESIDENT RODRIGUEZ RECENTLY DECLINED PANAMANIAN INVITATION TO STOP OVER IN PANAMA FOR CHIEFS OF STATE CONFERENCE EN ROUTE BACK FROM HIS VISITS TO ALGIERS, BUCHAREST AND CARACAS.

5. THE FOREGOING CONSIDERATIONS NOTWITHSTANDING, WE BELIEVE THAT WHEN THE CHIPS ARE DOWN ECUADOREANS ARE MORE LIKELY TO VIEW CANAL ISSUE AS A HEMISPHERIC ONE RATHER THAN IN A BILATERAL ECUADOR/PANAMA CONTEXT. THEREFORE, IN LOOKING AT CONTINGENCIES OUTLINED PARA 2 REFTEL, WE THINK ECUADOR WOULD: 1) WELCOME SIGNING OF TREATY AND INITIATION OF RATIFICATION PROCESS (CONTINGENCY A); 2) DEPLORE SENATE FAILURE TO ACT OR REFUSAL TO APPROVE TREATY AS ANOTHER EXAMPLE OF A TWO-HEADED US FOREIGN POLICY, LOSING NO OPPORTUNITY TO ANALOGIZE SITUATION WITH WHAT HAPPENED WITH OPEC GSP EXCLUSION IN TRA (CONTINGENCY B); AND 3) RESPOND WITH INCREDULOUS INDIGNATION IF TREATY TALKS THEMSELVES BROKE DOWN (CONTINGENCY :).

6. IN SHORT WE THINK ECUADOR WOULD PLAY CONTINGENCIES B & C VERY MUCH THE WAY THEY PLAYED THE TRA, VIEWING THEM AS SECRET

SECRET

PAGE 03 QUITO 02229 021511Z

AN OPPORTUNITY TO STRENGTHEN LA SOLIDARITY AND CHASTIZE THE U.S. WE COULD COUNT ON SOME OF THE SAME RHETORIC BOTH IN INTERNATIONAL FORUMS AND LOCALLY. AND, ALTHOUGH THERE MIGHT NOT BE ANY DIRECT LINK BETWEEN CANAL ISSUE AND THAT OF MULTILATERAL GROUPS WHICH EXCLUDE THE U.S. (E.G. SELA), SUCH CONTINGENCIES WOULD SURELY STRENGTHEN THE HAND OF THOSE OPINION LEADERS HERE WHO WOULD SEEK TO PLACE US AND LA IN CONFRONTATION.

7. WE, HOWEVER, DOUBT THAT ECUADOREAN REACTION TO CONTINGENCIES B & C WOULD GO BEYOND THE RHETORICAL STAGE. ANTI-US DEMONSTRATIONS WOULD BE A REMOTE POSSIBILITY BUT IT SEEMS HIGHLY UNLIKELY THAT ANY ACTIONS WOULD BE TAKEN AGAINST US ECONOMIC INTERESTS.
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